



CITY OF  
**FORT LAUDERDALE**

*Venice of America*

February 15, 1996

Mayor Jim Naugle  
Vice Mayor **Carlton** B. Moore  
Commissioner John E. Aurelius  
Commissioner Cary **Keno**  
Commissioner Jack Latona  
City Manager, George L. **Hanbury**

RE: CITY'S COMPREHENSIVE **ANNUAL** FINANCIAL REPORT -  
**FISCAL YEAR ENDED SEPTEMBER 30, 1995**

Dear Mayor, Commissioners, and City Manager:

Presented for your consideration and review is the **City's** Comprehensive Annual Financial Report for the fiscal year ended September 30, 1995. This report **was** prepared by the City's Finance Department. Although the financial statements were audited by independent accountants, as stated in their report on Page 1, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed **to fairly** set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures, necessary to enable the reader to gain general understanding of the City's financial activity, have been included.

This Comprehensive Annual Financial Report is divided into three major sections:

1. Introductory Section - As the title indicates, this section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificate of Achievement awarded to the City by the Government Finance Officers Association and a City organization chart.
2. Financial Section - Five combined financial statements, together with the notes to the financial statements, compose the General Purpose Financial Statements. These are the **City's** basic financial statements and provide an overview for users who require less detailed information about the City's finances than is contained in the balance of this report. The remainder of the financial section presents combining



statements, individual fund statements and schedules focusing on individual funds rather than fund types.

3. **Statistical Section** - While this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, cover more than two fiscal years, and are designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

Originally chartered as a municipality under the laws of the State of Florida in 1911, the City provides general municipal services, such as police and fire protection, parks, recreation, public works and others, as well as certain enterprise activities such as public parking and the utilities of water, sewer and sanitation. The charter was replaced by a special act of the Florida legislature in 1957 and was substantially revised in 1984.

#### **THE FINANCIAL REPORTING ENTITY**

This report includes all funds, account groups and component units of the City, in accordance with Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity". The Financial Reporting Entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Sunrise Key Neighborhood Improvement District (SKNID) is included as a component unit along with the Fort Lauderdale Central Beach Community Redevelopment Agency (CBCRA). These organizations have been included as component units since the City is financially accountable for and is able to impose its will on them. The transactions and balances of the CBCRA are blended with those of the City (primary government), while the **SKNID** financial information is discretely presented in the combined financial statements.

The City of Fort Lauderdale, Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale are related organizations, but separate and distinct, and are not included since they do not meet the established criteria for reporting herein. Along with the Performing Arts Center Authority and the DDA, the City is a participant in a joint venture in the Arts and Science District Parking Garage with each party maintaining an ongoing financial interest.

## ECONOMIC CONDITION AND OUTLOOK

A recent report from the City's Department of Planning and Economic Development indicates an exciting new trend in development projects. For the past several years, activity in the City has been brewing, but ever so slowly. Now several locations are experiencing a surge in development activity. These include, in various stages of activity:

**Beach Place** - A \$50 million development on Fort Lauderdale Beach is now under construction. It boasts an occupancy rate of 85% and will include an upscale restaurant, entertainment center and a Marriott ownership resort.

**Eckerd Plaza** - The NE corner of a main intersection, which has been dormant for years comes alive as this development is now open for business. In addition to the anchor tenant, three others round out the plaza.

**FAU/BCC Towers** - When complete, the twin tower facility will create the state's largest urban campus. Viewed as a key development in completing the downtown corridor, the project will bridge business and retail areas with the cultural and historic districts.

**New World Aquarium** - To be located in the Arts and Science District, this facility expects to attract 1.3 million visitors annually and have an economic impact of \$60 million.

**Brickell Station** - Also in the Arts and Science District, this Riverwalk entertainment and retail complex will bring night life to the downtown area. Completion is expected in 1997.

**Las Olas Centre** - Currently well under construction is this 2,000 square foot office and retail complex. It will have 15 stories and add yet another signature to the City's growing downtown skyline.

While the above represents some major individual projects, which are in various stages of development, year end totals of business activity tell a rosy story. Consider the following 1995 statistics:

- ♦ 49 new businesses opened in the City, occupying 125,350 feet of industrial space and creating 382 new jobs.
- ♦ 50 business operations relocated to Fort Lauderdale, for a total of 578,900 square feet and 939 jobs.
- ♦ 29 business expansions were reported, totalling 102,100 square feet and 276 jobs.

This renewed interest by the business community is encouraging and can be correlated to the City's efforts in creating a ripe climate for enticing continued business growth. This has been accomplished through a combination of major infrastructure and beautification projects and the deliberate solicitation of high quality business who add value to the community. This business

activity and the progress in the creation of additional housing stock through projects such as Regal Trace can only make for a yet brighter economic outlook for the City in the near and distant future.

## **MAJOR INITIATIVES**

### **The Fort Lauderdale Assembly**

Having accomplished the 10 year mission on which the City embarked in 1984, a new vision for the future took shape during the year through an American Assembly Process known as the Fort Lauderdale Assembly. Coordinated by the Florida Institute of Government and the Florida Atlantic University/Florida International University Joint Center for Environmental and Urban Problems, a cross section of community leaders met to help define the mission of the City for the next ten years and beyond. This group included representatives from large and small business, neighborhood homeowner associations, civic and religious organizations, recreational and cultural groups, health and human service organizations, and members of City advisory boards. Staff and elected officials also participated.

A 48 page policy statement was adopted by the Assembly to serve as the framework in which to address the needs and desires of the City in seven broad categories:

- 1 - Education
- 2 - Public Safety
- 3 - Economic Development
- 4 - Waterways and Beaches
- 5 - Intergovernmental Relations
- 6 - Quality of Life/Neighborhoods
- 7 - Infrastructure

Public workshop sessions were held subsequent to the end of the year in many of these areas to obtain further insight from the City Commission and the community. The next step is to begin implementation of the recommendations to serve as guidance, direction and momentum for the City over the next ten years.

### **City Hall Renovation**

Built in 1969, Fort Lauderdale City Hall is nearing completion of its first major renovation. The project began in 1993 as an asbestos removal and sprinkler installation initiative. In the meantime, far reaching departmental reorganizations were made in an effort to be more responsive to the public. This resulted in a complete renovation of the eight story City Hall building. Water billing was moved to the first floor for better customer access. Building services were combined with fire services in a complete overhaul of the City Hall annex giving opportunity to create a "One Stop Shop" for permits, plans submission, inspection services, etc. in a convenient location.

The renovation resulted in an updated interior of both the main building and annex. New carpeting, tile, rest room change out,

lighting systems and partitioning really gives the feeling of a newer, more up to date office environment. The aging electrical system was replaced. The Commission conference room was relocated and expanded, thereby becoming more conducive to public interaction with the Commission. At an estimated cost of **\$5,960,000**, the project is one of the **City's** most ambitious and visible general government capital projects. In addition to the internal remodeling, the external structure of the main building is undergoing restoration, as well.

### **Performance Budgeting**

A bold new and exciting approach to the budget process was instituted for the 1995-96 fiscal year. Performance Budgeting is a method to ensure that services are provided in an efficient and effective manner by shifting the focus from line item review to program outcomes. Goals and objectives, as well as efficiency and effectiveness, are linked to the allocation of resources to determine service priorities.

Each department **was** asked to develop or refine their mission. This was followed by establishing major departmental goals which support the City's goals of Public Safety, Clean City, Excellent Customer Service and Economic Development. From identified programs, objectives were delineated. Specific performance measures for each objective were then developed.

As we enter the second year of this new approach, the budget office will periodically monitor the progress of each department in meeting or exceeding established performance measures and offer assistance and suggestions for refinement. It is anticipated that highlighting outputs of departmental operations in the budget process will result in much more efficient, effective and cost saving allocation of limited City resources.

### **DEPARTMENTAL FOCUS - FINANCE**

In order to continue to provide additional information about operations and accomplishments of individual departments, the focus for this year is the Finance Department.

Mission: Provide a sound financial foundation for all departments, enabling them to work in the best interests of our community, and instill the **City's** value system among our employees to foster innovative solutions achieving an outstanding level of service at a reasonable cost.

Operating through five divisions the department is responsible for Utility Billing and collection, revenue administration, debt administration, accounting and financial reporting; risk management; operating budget preparation and monitoring; and City parking operations. With an authorized level of 93 full time employees and an adopted budget of **\$6,402,134** in FY **1994/95**, the following major accomplishments were achieved:

- ♦ Water meter reading was transferred to the private sector resulting in annual budget savings in excess of \$100,000.

- ♦ Implemented a new on-line financial and accounting information system.
- ♦ Implemented a new budget preparation system integrated with the on-line financial system.
- ♦ Received the Certificate of Achievement for Excellence in Financial Reporting and Distinguished Budget Award from the Government Finance Officers Association of the U. S. and Canada.
- ♦ Transferred claims handling and administration of workers' compensation to a third party administrator and capped annual claims cost with benefit provider.
- ♦ Financed the Galt Ocean Mile Special Assessment Beautification Project with an innovative Special Assessment Investment Loan.
- ♦ Issued over 140,000 parking citations.
- ♦ Introduced a **performanced** based operating budget for the 1995-96 **FY**.
- ♦ Implemented a new cash receipts and utility billing system using the unix operating system environment. Nearly 700,000 utility bills were rendered during the year.
- ♦ Implemented a pension payroll direct deposit program resulting in 50% of retirees receiving pensions through this method. Regular payroll direct deposit payments rose to 42% by the end of the year.
- ♦ A new personal parking meter was made available allowing patrons to purchase time in advance, rather than carrying change to feed parking meters.

## **FUND STRUCTURE**

The various fund types of the City have been classified into fund categories. These fund categories, along with their measurement focus, are explained as follows:

Governmental Funds (General, **Special** Revenue, Debt Service, Capital Projects)

These funds are used to account for the **City's** expendable financial resources and related current liabilities, except those accounted for in proprietary funds. Governmental funds are essentially accounting segregations for financial resources, and measurement focus is upon determination of financial position (sources, uses, and balances of resources) rather than upon net income determination. Basic financial statements necessary to fairly present financial position and operating results for these funds are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

### Proprietary Funds (Enterprise, Internal Service)

These funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. Measurement focus is upon determination of net income, financial position and changes in financial position. The basic financial statements required for these funds are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Retained Earnings, and the Statement of Cash Flows.

### Fiduciary Funds (Trust and Agency)

These funds are used to account for assets held by the City in a trustee capacity. Nonexpendable and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature.

### Account Groups

In addition to the various fund types, a fourth category of accounting entities, account groups, is used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The **City's** general fixed assets (all fixed assets except those accounted for in proprietary or trust funds) are financial resources not available for expenditure. The unmatured principal of the **City's** general long-term debt (and other long-term liabilities not accounted for in proprietary funds) does not require use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

## FINANCIAL INFORMATION

### Internal Control Structure and Budgetary Control

The **City's** accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City proprietary funds are maintained on the accrual basis. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by department, budgetary control is maintained at the division level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balances on September 30, 1995.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ♦ The safeguarding of assets against loss for unauthorized use or disposition; and
- ♦ The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- ♦ The cost of a control should not exceed the benefits likely to be derived; and
- ♦ The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's Internal Audit Division reviews and appraises the soundness, adequacy and application of accounting, financial and administrative controls in the City's accounting system. Financial transactions and related data are examined for accuracy, completeness and authorization. Data processing applications and systems are addressed by the internal auditors at appropriate times to assess the adequacy and accuracy of controls. Also, computerized applications are reviewed to determine that they have been developed according to the policies, procedures, standards and guidelines of the City.

#### General Government Operations

The following discussion of general governmental functions includes information from the General Fund.

Revenues totaled **\$125,646,274** in 1994-95, an increase of 3.3% over the previous fiscal year. General property taxes remain the City's largest single source of revenue for the General Fund, representing 40.7% of revenue compared to 39.2% for the previous year.

The amount of revenue from various sources and the variance from last year are shown in the following table:

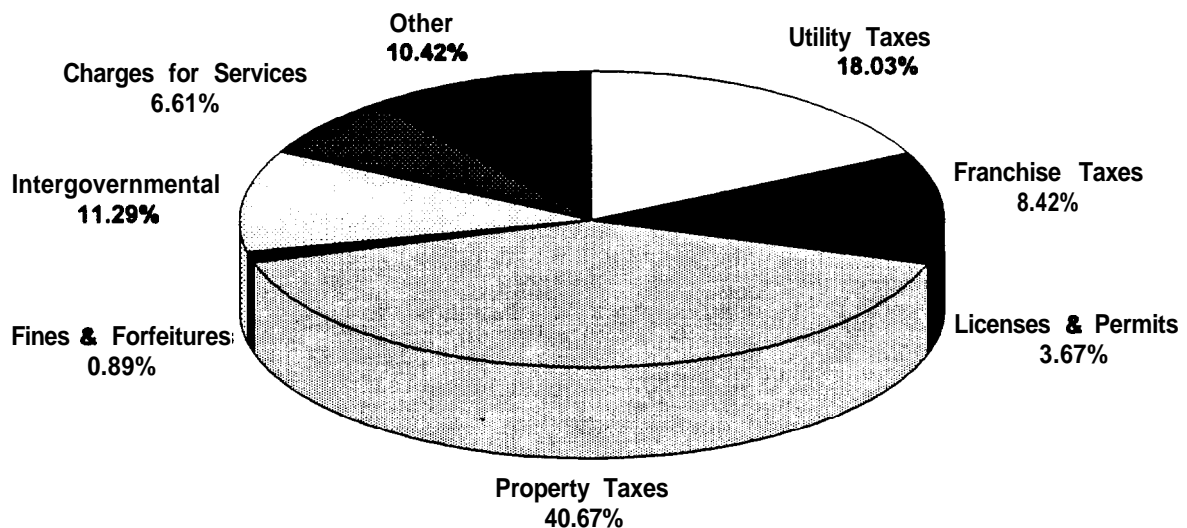


<u>Revenue Source</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1993-94</u>
Property taxes	\$ 51,102	40.67%	\$ 3,395
Utility taxes	22,646	18.03	173
Franchise taxes	10,581	8.42	( 139)
Licenses and permits	4,610	3.67	( 133)
Fines and forfeitures	1,117	0.89	105
Intergovernmental	14,187	11.29	353
Charges for Services	8,309	6.61	83
Other	<u>13,094</u>	<u>10.42</u>	<u>179</u>
	<u>\$125,646</u>	<u>100.00%</u>	<u>\$ 4,016</u>

The **City's** \$9.1 billion, assessed value after exemptions, represented an increase of 0.2% from the previous year. Although there is heavy reliance on property taxes to fund General Fund operations, the **City's** conservative policy regarding the property tax is to keep increases to a minimum. While it was necessary to increase the operating **millage** rate from 5.0536 mills the previous year to 5.2485 mills for 1995-96, the **millage** rate remains well below the 10 mill cap imposed by State statutes.

As the table above indicates, all revenue categories, except for property taxes, changed very little from the prior year. This is an indication of a slow growth pattern on most of our revenue sources putting further strain on the property tax. Franchise fees cannot be increased due to long term franchise agreements with community utility providers. At the same time, utility tax rates are at the maximum level allowed by law. As the resurgence of redevelopment take place, these revenue sources will reflect that occurrence by experiencing moderate growth.

Relationships among revenue sources can best be grasped by reviewing the graphic illustration as follows:



General Fund Expenditures totaled \$115,355,124, a decrease of 0.9% from fiscal year 1993-94. Changes in levels of expenditure for major functions of the City are presented in the following tabulation:

<u>Functions</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1993-94</u>
General government	\$ 18,006	15.61%	\$ ( 725)
Public safety	71,816	62.26	596
Physical environment	4,354	3.77	333
Transportation	2,186	1.90	( 560)
Economic environment	813	0.70	50
Culture and recreation	18,180	15.76	( 796)
	<u>\$115,355</u>	<u>100.00%</u>	<u>\$ 1,102</u>

The function classification indicates the major purpose for which resources have been expended. Brief definitions of the functions are provided as follows:

**General Government** - Legislative, executive and staff support. Activities include City Commission, City Manager, City Attorney, Administrative Services, Finance, Planning and General Maintenance.

**Public Safety** - Protection of people and property. Police, Fire, and Building and Zoning services compose this function.

**Physical Environment** - Primarily engineering services for the creation and recapitalization of public infrastructure.

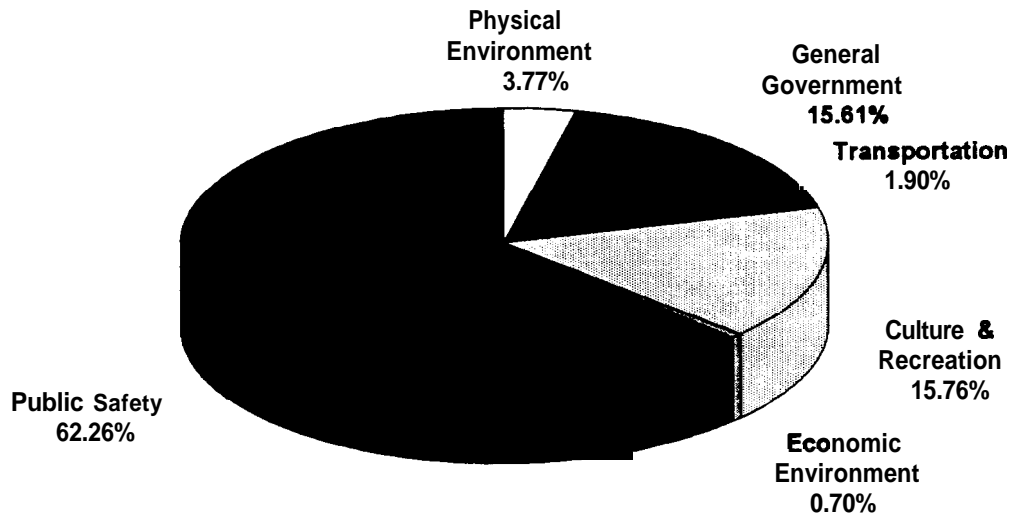
**Transportation** - Major maintenance costs for roadways, walkways, runways and waterways.

**Economic Environment** - The cost of providing services which develop and improve the economic condition of the community and its citizens.

**Culture and Recreation** - Recreation and cultural activities including parks, auditoriums, museums, theaters, stadiums and events relating thereto.

To offset the flat pattern of certain revenues cited in the previous discussion, initiatives were undertaken to curb expenditures in the General Fund. These included the elimination of many positions through attrition and layoffs. The City's emphasis on public safety (primarily the Police Department) is demonstrated by the increase in expenditures for that area. Accordingly, the Culture and Recreational category experienced a drop in resources dedicated to providing these services.

A graph showing the percentage share of General Fund expenditures by function will further illustrate resource allocations:



The total Unreserved General Fund balance at the end of the year was **\$4,750,526**, of which **\$3,452,470** was designated for subsequent years' expenditures.

### **Enterprise Operations**

Enterprise funds are used:

- (a) to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily by user charges; or
- (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The following five activities have been determined by the City as meeting the previous criteria and are included in this report as enterprise funds. Comparative data are as follows:

	Operating Revenues (Thousands)		Net Income (Loss) (Thousands)	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
Water and Sewer	\$ 46,065	45,537	6,046	4,835
Sanitation	15,791	14,511	438	( 338)
Parking System	6,165	5,111	980	342
Airport	3,260	3,270	339	348
Stormwater	2,967	2,869	1,183	1,864

Financial highlights of selected funds appear below:

#### Water and Sewer Fund

Of significance is the increase in net income of this major enterprise fund compared to the relatively small increase in operating revenues. Net income was nearly three times that of operating revenues. The major reason for this situation is that a non-operating revenue, interest earnings, was higher than normal due to a greater cash position of the fund and higher rates of return for the fund's equity in pooled cash and investments. This resulted in an increase in income of approximately **\$1,500,000** from the previous year.

A 4% increase in rates for both water and sewer service was implemented for the year accounting for the increase in operating revenues. Operating transfers from the fund are viewed as a return on investment and are used in the City's general capital improvement program.

#### Sanitation Fund

It is good to observe a positive turn around in Sanitation fund financial operations for the year, with both operating revenue and net income improving substantially. Net losses had been experienced for two successive years. This was helped by a mid year rate increase of 4%. The large fund deficit is the result of the recording during fiscal year 1994-95 of the City's estimated liability for post closure costs of the former **Wingate** landfill site. Further rate increases are anticipated depending upon final remediation action by the Environmental Protection Agency. Some additional potential responsible parties have been identified and others are expected.

#### Parking System Fund

Fueled by increases in both meter, lot, permit and citation revenue, the parking system enjoyed a successful year. Net income rose by over \$600,000. Although certain rate adjustments were made for the upcoming year there were none for the past year. This would indicate that the increases in revenue are attributable to increased usage of City public parking facilities. Accumulated funds are used to recapitalize parking infrastructure on a pay-as-you-go basis.

### **Airport Fund**

Remarkably, both operating revenues and net income of the Fort Lauderdale Executive Airport were within \$10,000 of their counterparts from the year before. The income base of the Airport remains strong and stable. An enviable cash position prepares the Airport to invest in capital improvements in the coming years.

### **Stormwater Fund**

After three years of operation the Stormwater fund is poised to begin an aggressive capital improvement program. In fact, transfers of nearly \$900,000 were made during the year to finance stormwater projects in other funds. A full scale capital improvement program has not yet been developed but is expected during the coming year budget process.

### **Pension Operations**

Two defined benefit plans are maintained for employee retirement, namely the General Employees Retirement System and the Police and Firefighters Retirement System.

City contributions to the plans for fiscal year 1994-95 were as follows:

	<u><b>Amount</b></u>	<u><b>Percent of Annual Revenue</b></u>
<b>General Employees Retirement System</b>	<b>\$ 6,253,916</b>	<b>24%</b>
<b>Police and Firefighters Retirement System</b>	<b>\$ 6,534,875</b>	<b>24%</b>

These contributions are approximately \$1.0 million higher than those required for fiscal year 1993-94. Perhaps the best measure of the financial strength of the pension plans is the progress made toward full funding of the pension benefit obligation. The funding ratio of net assets to the pension benefit obligation was 80.9% (as of 1-1-95) in the Police and Firefighters System and 90.1% (as of 10-1-94) in the General Employees Plan, as reported in the actuarial valuations.

### **Debt Administration**

Useful indicators of the City's debt position are the ratio of net bonded debt to assessed valuation and amount of bonded debt per capita. This information for the City of Fort Lauderdale at the end of the 1995 fiscal year appears as follows:

	<u>Amount</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
Net direct ad valorem tax supported debt	\$ 35,593,204	.36%	\$ 238.56
Net direct excise tax supported debt	\$ <u>3,759,377</u>	<u>.04%</u>	\$ <u>25.20</u>
Total net direct bonded debt	\$ <u>39,352,581</u>	<u>.40%</u>	\$ <u>263.76</u>

The preceding summary includes only non-self-supporting debt. The history of the debt service coverage of the self-supporting debt (enterprise fund debt) is excellent and is presented in the statistical section of this report.

Required principal, interest and reserves on outstanding debt were provided for during the year. Bond ratings continued to reflect that the City's uninsured bonds have the characteristics of strong investment quality as follows:

**Moody's**  
**Standard & Poor's Investor's Service**

<b>General Obligation Bonds</b>	<b>AA</b>	<b>Aa</b>
<b>Excise Tax</b>		
<b>Improvement Bonds</b>	<b>A+</b>	<b>A1</b>
<b>Water and Sewer Revenue Bonds</b>	<b>AA-</b>	<b>Aa</b>

**Cash Management**

Diverse operations of the various funds of the City dictate the necessity for a sophisticated cash management system to control and actively utilize cash as a financial resource.

Our central cash management system provides that all cash be deposited into a central account for investment in approved securities. The objectives of our investment program are, in order of importance, to assure adequate liquidity, minimize risk and maximize yield. State law permits the City to adopt its own set of allowable securities. The City's list of approved securities provided by ordinance of the City Commission consists of U.S. Government securities, U.S. agency securities, commercial paper rated A-1 or P-1, certificates of deposit, bankers' acceptances, repurchase agreements (**REPO'S**), reverse **REPO'S** and the State's local government investment pool. A new investment policy was adopted by the City in accordance with State requirements.

Proceeds of the various bond issues are maintained separately from the City's other pooled cash. The reason for this segregation is due primarily to the federal arbitrage regulations and interest rebate requirements. Earnings which exceed the rate of interest on the

borrowed funds must be returned to the federal government. The segregation of these investments provides for ease of rebate calculations.

The investments of the pension plans are controlled by the pension boards who have hired professional money managers responsible for managing the assets of those funds.

### Risk Management

Nearly all insurance is administered through the City Insurance fund. A major portion of the insurance program involves self-insurance. The City is currently self-insured in the areas of workers' compensation, general liability, automobile liability, and police professional liability. Premiums in excess of claims charged to the various operating funds over the years have been retained in the fund to provide for stability and protection against catastrophic losses as recommended by the City's Insurance Advisory Board.

Claims expense dramatically increased during the year transforming total fund equity at September 30, 1994 of \$747,304 to a fund deficit of **\$1,227,413** as of the end of the current fiscal year. A reversal from the movement to a positive balance in the previous fiscal year demonstrates the volatile nature of this activity. Two factors figured prominently in this change. First, an actuarial study of outstanding liabilities for claims was conducted by a reputable national firm as of September 30, 1995. They found that the liability for workers' compensation was understated by the third party administrator handling this area of exposure. They also concluded that the "**incurred, but not reported claims**" were undervalued as the result of the application of actuarial methodology. A second reason is the escalation of the liability for employee related claims which previously were funded on a pay-as-you-go basis, but have now been set up in the insurance fund as an additional category of claim liability. It will be necessary to address the amortization of this liability in the coming year budget process. A three to five year amortization schedule is contemplated. It should be emphasized that the fund is well equipped to pay claims as they come due with a Cash and Cash Equivalents account balance of nearly \$14 million at September 30, 1995.

### Intergovernmental Revenue

A considerable source of funds is provided to the City from various federal, state and county agencies. A majority of this revenue is used for capital and on-going projects, providing for community development, sewer system expansion and various public works projects.

The sources of intergovernmental revenue received by the City during the year are summarized by fund type as follows:

	<u>Fund Type</u>					
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Federal Government	\$ 0	4,359,919	0	0	89,509	4,449,428
State of Florida	11,428,309	903,694	( 2,829)	0	0	12,329,174
Broward County	2,386,138	141,879	915,692	( 46,686)	0	3,397,023
Other local units	372,812	85,176	0	0	- - 0	457,988
	<u>\$ 14,187,259</u>	<u>5,490,668</u>	<u>912,863</u>	<u>( 46,686)</u>	<u>89,509</u>	<u>20,633,613</u>

## OTHER INFORMATION

### Independent Audit

As required by Section 10.02 of the City Charter, an examination of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of Certified Public Accountants. The report of Arthur Andersen, LLP Certified Public Accountants (Page 1 of this report) contains their opinion as to the fair presentation of the City's financial statements. The firm of Shaun Davis and Co. participated with Arthur Andersen in the independent audit. The City continues to receive an unqualified opinion.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Lauderdale, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1994. This was the eighteenth consecutive year that the City received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City also received the **GFOA'S** Award for Distinguished Budget Presentation for its annual budget prepared for the fiscal year covered by this Comprehensive Annual Financial Report. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.



We are pleased that this is the ninth consecutive year that we have received this distinction.

### **Acknowledgements**

The year in review may be characterized as one of balancing priorities **for** the Finance Department. Replacement of major systems and keeping up with the daily work required absolute diligence by a dedicated staff. Joanne Rizi, Controller, is to be commended for her lead in both the preparation of this report and the continuing implementation and enhancement of the on-line accounting system. Sincere appreciation is extended to all Accounting and Treasury Division personnel for their persistence and to all who assisted in the effort.

We also appreciate the patience and cooperation of the independent accountants who worked with us in producing this report. It is hoped that this Comprehensive Annual Financial Report will prove useful to the City Commission and City Manager and spark continued interest in the financial affairs of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Damon R. Adams", with a stylized flourish at the end.

Damon R. Adams, C.P.A.  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Lauderdale,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# The People of Fort Lauderdale

